SUPPLEMENT DATED 24 JANUARY 2025 TO THE BASE PROSPECTUS DATED 14 OCTOBER 2024

novobanco

NOVO BANCO, S.A.

(*incorporated with limited liability in Portugal*)

€10,000,000,000
COVERED BONDS PROGRAMME

This supplement (the "**Supplement**") to the Base Prospectus dated 14 October 2024 (the "**Base Prospectus**") is prepared in connection with the €10,000,000,000 Covered Bonds Programme (the "**Programme**") established by Novo Banco, S.A. (the "**Issuer**").

This Supplement constitutes a supplement for the purposes of Article 23(1) of Regulation (EU) 2017/1129, as amended (the "**Prospectus Regulation**").

This Supplement is supplemental to and should be read in conjunction with the Base Prospectus. Terms defined in the Base Prospectus have the same meaning when used in this Supplement.

This Supplement has been approved by the Portuguese Securities Market Commission (the "**CMVM**"), as competent authority under the Prospectus Regulation. The CMVM approves this Supplement as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the CMVM should not be considered as an endorsement of the Issuer or of the quality of the Covered Bonds. Investors should make their own assessment as to the suitability of investing in the Covered Bonds.

The purpose of this Supplement is to:

(i) update the information on the Issuer's ratings, regulatory requirements and the Contingent Capital Agreement in the "*Risk Factors*" section;

(ii) incorporate by reference the Group's unaudited consolidated financial information for the nine months ended 30 September 2024;

(iii) update the sections "*Terms and Conditions of the Covered Bonds*", "*Characteristics of the Cover Pool*" and "*Definitions*" in light of the applicability, since 1 January 2025, of the new wording of Regulation (EU) no. 575/2013 (CRR), as amended by Regulation (EU) 2024/1623 of the European Parliament and of the Council of 31 May 2024;

(iv) update the section "*Description of the Issuer and of the Group*", including sub-section E "*Contingent Capital Agreement*" to reflect the early termination of the CCA, sub-section I "*Risk Management*" to reflect the Issuer's minimum prudential requirements applicable in 2025, sub-section L "*Management and Supervisory Corporate Bodies*" to reflect updates to the management and supervisory corporate bodies, sub-section M "*Legal, Administrative and Arbitration Proceedings*" to reflect the early termination of the CCA, sub-section P "*Rating*" to reflect changes to the Issuer's ratings and sub-section S "*Recent Developments*" to reflect recent updates of the Issuer;

(v) update the section "*Taxation*" following the publication of the Portuguese Budget Law for 2025, approved by Law no. 45-A/2024, of December 31; and

(vi) Update the information on MREL requirements in the "*Risk Factors*" and "*Description of the Issuer and of the Group*" sections.

The Issuer, the members of the Executive Board of Directors and of the General Supervisory Board of the Issuer and Ernst & Young, Audit & Associados – SROC, S.A. accept responsibility for the information contained in this Supplement and hereby declare that, to the best of their knowledge, the information contained in this Supplement is in accordance with the facts and contains no omissions likely to affect its import.

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in or incorporated by reference in the Base Prospectus, the statement in (a) above will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or material inaccuracy relating to information included in the Base Prospectus which is capable of affecting the assessment of the Covered Bonds issued under the Programme since the publication of the Base Prospectus.

AMENDMENT TO THE "RISK FACTORS" SECTION

(i) On page 36 of the Base Prospectus, the first paragraph of the risk factor titled "*A reduction in novobanco's credit ratings would increase its cost of funding and adversely affect the Group's financial condition and results of operation*" of sub-section 1.B. "*Risks relating to the Issuer—Risks relating to the Issuer's business*" of the "*Risk Factors*" section shall be amended and replaced with the following paragraph:

"Credit ratings affect the cost and other terms upon which the Group is able to obtain funding, including the availability of certain funding instruments. Rating agencies regularly evaluate the Issuer, and its long-term credit ratings are based on a number of factors, including its financial strength, the credit rating of Portugal and the conditions affecting the financial services industry generally and the Portuguese banking system in particular. As at 24 January 2025, the Issuer's long-term credit ratings are the following: "Baa2" for long term senior unsecured debt with a positive outlook and "A3" for long term deposits with a positive outlook by Moody's, "BBB" for issuer rating and long-term senior debt rating and "BBB+" for long-term deposits rating with a stable outlook by Fitch and "BBB" for issuer rating and long-term senior debt rating with a stable trend and "BBB (high)" for long-term deposits rating with a stable trend by DBRS. Despite the recent upgrades and positive outlook on the Issuer's credit ratings (see sub-section "*S. Recent Developments*" under "*Description of the Issuer and of the Group*" for further information), there can be no assurance that the rating agencies will maintain the current ratings or outlook."

(ii) On pages 40 and 41 of the Base Prospectus, the risk factor titled "*The Resolution Fund may fail to make or be prevented from making payments to the Issuer*" of sub-section 1.B. "*Risks relating to the Issuer—Risks relating to the Issuer's business*" of the "*Risk Factors*" section shall be amended and replaced in its entirety with:

"**The Resolution Fund may fail to make or be prevented from making payments to the Issuer**

As part of the conditions of the sale of 75 per cent. of the share capital of the Issuer to Lone Star agreed in March 2017 and completed in October 2017 (the "**Lone Star Sale**"), the Portuguese resolution fund, a public law legal entity created in 2012 pursuant to RGICSF, with the goal to provide financial support to resolution measures applied by the Bank of Portugal, in its capacity as national resolution authority (the "**Resolution Fund**") and the Issuer entered into the Contingent Capital Agreement (the "**CCA**").

Currently there are legal proceedings filed in the Portuguese courts challenging the validity of the CCA and of the obligations of the Resolution Fund in connection with it. Any court decision that considers

the CCA illegal, void or otherwise invalid, in whole or in part, or that prevents the Resolution Fund from making any payments under the CCA may have a significant effect on the Group and its financial position, including as a result of any required repayment of funds already disbursed under the CCA. For further details on proceedings relating to the sale of the Issuer, see "*—Legal and regulatory risks—Risks relating to legal proceedings—Proceedings relating to the sale of the Issuer*" and "*Description of the Issuer and of the Group—Legal, Administrative and Arbitration Proceedings—Proceedings relating to the sale of the Issuer*".

Additionally, uncertainties remain as to the fulfilment of the obligations of the Resolution Fund and the potential liabilities to which the Resolution Fund may be subject and the indemnification mechanism established in the agreements entered into in connection with the Lone Star Sale (the "**Indemnification Mechanism**"), in the event any of the resolution measure-related litigation contingencies materialise for the Issuer and for which the Resolution Fund is considered contractually liable, this may have a significant impact on the Resolution Fund's financial resources and ability to comply with its payment obligations, which could have a material adverse effect on the Issuer and its financial position.

There can be no assurance that the Issuer will receive all of the amounts that are or may be due in the future and/or that are or may be under dispute, regarding the Indemnification Mechanism, and that the Resolution Fund will be willing or able to make such payments.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025. See sub-section "*E. Contingent Capital Agreement*" under "*Description of the Issuer and of the Group*" for further information."

(iii) On page 42 of the Base Prospectus, the sixth paragraph of the risk factor titled "*Risks relating to regulatory requirements*" of sub-section 1.C. "*Risks relating to the Issuer—Legal and regulatory risks*" of the "*Risk Factors*" section shall be amended and replaced with the following paragraph:

"According to Council Regulation (EU) No 1024/2013 of 15 October 2013 and based on the SREP conducted pursuant to Article 4(1)(f) of Regulation (EU) No 1024/2013 with reference date 31 December 2015, the ECB communicated to the Issuer that the Group should comply with an own funds requirement starting in 2025 of 2.70 per cent. of risk-weighted assets ("**RWAs**") to be held in excess of the minimum own funds requirement (which represents a decrease of 15 basis points to the previous requirement), to be held in the form of 56.25 per cent. of CET1 capital and 75 per cent. in the form of Tier 1 (defined below) capital. Additionally, the ECB also informed the Issuer that it is subject to a Pillar 2 Guidance of 1.5 per cent. of RWAs. There can be no assurance that the SREP review to be conducted in the following years will not increase the minimum own funds requirement, including as a result of past or future stress test exercises conducted by the supervisory authorities."

(iv) On pages 42 and 43 of the Base Prospectus, the seventh paragraph of the risk factor titled "*Risks relating to regulatory requirements*" of sub-section 1.C. "*Risks relating to the Issuer—Legal and regulatory risks*" of the "*Risk Factors*" section shall be amended and replaced with the following paragraph:

"In addition, credit institutions identified as other systemically important institutions ("**O-SIIs**") are subject to an additional buffer requirement (the "**O-SII Buffer**"). According to the Bank of Portugal's decision, the O-SII buffer will be applicable to the Issuer subject to a phased regime for the introduction of a 0.5 per cent. O-SII Buffer as a percentage of total RWAs to start on 1 July 2024 with 50 per cent. of the buffer (0.25 per cent. of RWAs) and the buffer to apply in full from 1 July 2025 (0.50 per cent.

of RWAs). Prior to this date, the O-SII Buffer was applicable to the Issuer's indirect controlling shareholder LSF Nani Investments S.à r.l. Additionally, the Bank of Portugal has decided to implement a sectoral systemic risk buffer, which aims to increase the resilience of institutions to the materialisation of potential systemic risk in the residential real estate market in Portugal. The implementation of this buffer translates into the requirement for compliance with a sectoral systemic risk reserve of 4 per cent. on the amount of risk-weighted exposures on the retail portfolio of loans to individuals collateralised by residential properties located in Portugal, starting from 1 October 2024, which as of September 2024 was estimated to be equivalent to approximately 30 basis points of RWAs. Further, pursuant to a resolution of its board of directors dated 30 December 2024, and following a public consultation ended on 19 November 2024, the Bank of Portugal is increasing the countercyclical capital buffer (which consists of CET1 capital) rate for banks to 0.75 per cent. of total risk exposure amount in Portugal to the non-financial private sector starting 1 January 2026. With regard to the first quarter of 2025, the Bank of Portugal's decision was to maintain the buffer rate at 0 per cent. There can be no assurance that these buffers will not increase or other buffers be introduced, increasing the minimum own funds requirements."

(v) On page 46 of the Base Prospectus, the second and the third paragraphs of the risk factor titled "*Minimum requirement for own funds and Eligible Liabilities could have a material effect on novobanco*" of sub-section 1.C. "*Risks relating to the Issuer—Legal and regulatory risks*" of the "*Risk Factors*" section shall be amended and replaced with:

"In accordance with Portuguese law, financial institutions will be required to meet certain MREL requirements. According to the latest decision of the SRB, together with the Bank of Portugal, from 1 January 2025, the Issuer should comply with MREL on a consolidated basis at the level of 23.04 per cent. of total risk exposure amount ("TREA") (plus the then applicable combined buffer requirement) and 5.90 per cent. of the Leverage Ratio Exposure, which shall be met at all times. The Issuer's pro-forma MREL ratio as of 30 September 2024 was 31.6 per cent, which compares with 28.34 per cent as of 30 June 2024. The preferred resolution strategy for the Issuer is the single point of entry, with the Issuer being the resolution entity. Additionally, the Issuer is not subject to any subordination requirement. These MREL requirements, the resolution strategy and the lack of a subordination requirement may change from time to time.

As the Issuer was previously restricted from making dividend distributions until the maturity of the CCA (the "**Dividend Ban**"), its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025 and amend the articles of association accordingly. The Dividend Ban is therefore no longer in place. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. Subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances."

AMENDMENT TO THE "DOCUMENTS INCORPORATED BY REFERENCE" SECTION

On page 64 of the Base Prospectus under the "*Documents Incorporated by Reference*" section, the following shall be added as a new item (g) to the first paragraph:

"(g) an English translation of the unaudited consolidated financial information of the Group for the nine months ended 30 September 2024 on pages 3 to 19 (inclusive) and the two tables on page 20 of the

Group's press release dated 31 October 2024 (which can be viewed online at https://www.novobanco.pt/content/dam/novobancopublicsites/docs/pdfs/divulga%C3%A7%C3%B5es-financeiras/2024/press/Novobanco_9M2024_Results.pdf.coredownload.inline.pdf),"

AMENDMENT TO THE "TERMS AND CONDITIONS OF THE COVERED BONDS" SECTION

On page 111 of the Base Prospectus, under subsection "*17. Definitions*", the definition of "***Property Valuation***" shall be amended and replaced in its entirety with:

> "**Property Valuation**" means, in relation to any Property the valuation thereof, in accordance with the Covered Bonds Framework and Articles 208 and 229 of the CRR (subject to the transitional regime set out under Article 495f of the CRR)."

AMENDMENT TO THE "CHARACTERISTICS OF THE COVER POOL" SECTION

(i) On page 117 of the Base Prospectus, the text under the title "***Valuation of Cover Pool***" shall be amended and replaced in its entirety with:

> "The Covered Bonds Framework sets out certain requirements and criteria which are required to be met by the Issuer in respect of the valuation of Mortgage Credits comprised in the Cover Pool.
>
> The Covered Bonds Framework empowers the CMVM to establish, by regulation, requirements in relation to the valuation basis and methodology, time of valuation and any other matter that it may consider relevant for determining the value of eligible assets for the purposes of the Covered Bonds Framework. In this regard, the CMVM Regulation does not specifically include any provisions regarding the methodologies and frequency of valuation of the cover assets, their risk management, and the registration and archiving of all this information, establishing a material reference, under the terms of Article 11 of the CMVM Regulation, to national and EU banking prudential legislation and regulations (namely Articles 208 and 229 of the CRR)."

(ii) On page 118 of the Base Prospectus, in the sub-section "***Valuation of Properties***" the text under the title "***General Overview***" shall be amended and replaced in its entirety with:

> "The property value of each Property associated with a Mortgage Credit comprised in the Cover Pool shall be determined in accordance with the terms of the Covered Bonds Framework and Articles 208 and 229 of the CRR.
>
> Property value, according to point (74a) of Article 4(1) of the CRR, means the value of a residential property or commercial immovable property determined in accordance with the requirements laid down in Article 229(1) of the CRR. In accordance with Article 495f of the CRR, in relation to Mortgage Credits originated before 1 January 2025, the Issuer may continue to value Properties at or less than the market value or at the mortgage lending value of that property, until a review of the property value is required in accordance with Article 208(3) of the CRR, or 31 December 2027, whichever is earlier"

(iii) On page 118 of the Base Prospectus, in the sub-section "***Valuation of Properties***" the text under the title "***Valuation by expert***" shall be amended and replaced in its entirety with:

"In accordance with the Covered Bonds Framework, prior to the inclusion in the Cover Pool of the related Mortgage Credit, each Property must be valued by a real estate valuation expert, with necessary qualifications, competence and experience.

Real estate valuation experts are required to comply with the terms and conditions set forth in Article 10 of the Covered Bonds Framework, Articles 208 and 229 of the CRR, and Law No. 153/2015, of 14 September.

The Issuer may not appoint a real estate valuation expert who is in a situation which may affect their impartiality of analysis, in particular as a result of a specific interest in the property under assessment, or of any relationship, whether commercial or personal, with the entities involved."

(iv) On page 119 of the Base Prospectus, in the sub-section "***Valuation of Properties***" the text under the title "***Subsequent valuations of Properties and subsequent update of the value of Properties***" shall be amended and replaced in its entirety with:

"The Issuer shall monitor the value of the Property on a frequent basis and at a minimum once every year for any Properties, in accordance with article 128(3) of the CRR.

The Property valuation is reviewed when information available to institutions indicates that the property value may have declined materially relative to general market.

The Issuer may monitor the value of the Property and identify the Property in need of revaluation, in accordance with Article 208(3) of the CRR, by means of advanced statistical or other mathematical methods, provided that those methods are developed independently from the credit decision process and comply with all the conditions foreseen in Article 208(3a) of the CRR.

The Issuer shall provide the Cover Pool Monitor with all information necessary for the Cover Pool Monitor to supervise, pursuant to the Covered Bonds Framework and in accordance with the terms set forth in the Cover Pool Monitor Agreement, compliance by the Issuer with the requirements set forth in the Covered Bonds Framework relating to the valuation of the Properties securing the Mortgage Credits comprised in the Cover Pool."

AMENDMENT TO THE "DESCRIPTION OF THE ISSUER AND OF THE GROUP" SECTION

(i) Following the termination of the CCA (see (ii) below), the Monitoring Committee has been dissolved. All references to the "Monitoring Committee" and any related description in the section "*Description of the Issuer and of the Group*" shall be construed accordingly.

(ii) On pages 128, 129 and 130 of the Base Prospectus, the sub-section "*E. Contingent Capital Agreement*" shall be amended and replaced in its entirety with:

"E. CONTINGENT CAPITAL AGREEMENT

The CCA was entered into on 18 October 2017 by the Resolution Fund and the Issuer as part of the conditions of the Lone Star Sale. Under the CCA, in case (i) the Group's capital ratios decreased below the Minimum Capital Condition (as defined below) and (ii) losses were recorded in relation to the CCA Assets (as defined below) or other CCA covered losses (the "**CCA Losses**"), the Resolution Fund had undertaken, up to an aggregate maximum amount of €3,890 million, to make payments to the Issuer corresponding to the lower of the CCA Losses and the amount needed to restore the capital ratios to the Minimum Capital Condition, until 31 December 2025 (the "**CCA Maturity Date**"), which

date could have been extended until 31 December 2026 under certain conditions as mentioned further below in this section.

The "**CCA Assets**" comprised of a pre-defined portfolio of assets which had an initial book value net of impairment, as of 30 June 2016, of approximately €7.9 billion, which included €5.9 billion of loans to customers, €1.1 billion of restructuring funds, €0.1 billion of securities and €0.8 billion of other assets. As at 31 December 2023, the CCA Assets had a net book value of €0.9 billion (31 December 2022: €1.1 billion), which included €0.4 billion of loans (31 December 2022: €0.6 billion), of which 45 per cent. were NPLs (31 December 2022: 45 per cent.), €0.2 billion of restructuring funds (31 December 2022: €0.2 billion) and €0.3 billion of other assets (31 December 2022: €0.4 billion). In addition, CCA Assets also included undrawn exposures relating to guarantees, committed credit lines and other commitments, which amounted to €1.3 billion and €0.2 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.2 billion), and provisions recorded as liabilities which amounted to €0.1 billion and €0.03 billion as at 30 June 2016 and 31 December 2023 respectively (31 December 2022: €0.1 billion), in relation to such exposures. As at 30 June 2016 and 31 December 2023, the impairment related to the CCA Assets amounted to €4.8 billion and €0.4 billion, respectively (31 December 2022: €0.5 billion).

The ability of the Issuer to claim payments under the CCA was subject to a capital ratio threshold (the "**Minimum Capital Condition**") and accumulated CCA Losses having been registered. The Minimum Capital Condition meant that no payments would be made unless (i) the Issuer's CET1 or Tier 1 ratio had fallen below the minimum required regulatory (SREP) CET1 or Tier 1 ratio plus a buffer, during the first three calendar years, 2017-2019; or (ii) the Issuer's CET1 ratio had fallen below 12 per cent. from 2020 onward. Payments pursuant to the CCA were limited to the amount needed to restore the CET1 and Tier 1 ratios back to the relevant trigger level, provided that there were accumulated CCA Losses.

On 7 December 2021, the Issuer disclosed to the market that it had received a letter from the Joint Supervisory Team (the "**JST**") noting that the claims under the CCA should only be recognised as CET1, for the purpose of the own funds' calculation, once such payment occurs. The determination described above applied from the fourth quarter of the 2021 financial year onwards, thus changing the prudential treatment of the CCA.

As a result of the CCA Losses recorded by the Issuer as at 31 December 2020, 31 December 2019, 31 December 2018 and 31 December 2017, and the resulting decrease of the capital ratios below the Minimum Capital Condition, the contingent capital mechanism of the CCA was triggered and payments by the Resolution Fund were made in the amount of €429.0 million (which differs from the requested amount of €598.3 million), €1,035.0 million, €1,149.3 million and €791.7 million in relation to 2020, 2019, 2018 and 2017 accounts, respectively.

Regarding the amount requested from the Resolution Fund and the discrepancies related to the 2020 financial year, the Arbitral Tribunal rendered its final award on 4 June 2024, deciding the following:

(i) the Issuer had the right not to adopt the transitional provisions of IFRS 9 established in Regulation (EU) 2020/873 for the year ended 31 December 2020, and the impact of this decision on own funds, quantified in the action at approximately €162 million, should have been included in the calculation of the 2020 CCA call amount;

(ii) the Issuer had the right to reassess the value of the shares of the Resolution Fund and, consequently, was entitled to compensation in the amount of €18 million and related interest;

(iii) the Issuer had the right to receive default interest in the approximate amount of €5 million as a consequence of the delay in the payment of the €112 million portion of the 2020 CCA call;

(iv) the Issuer had the right to be compensated for additional damages caused by the retention of the €112 million portion related to the 2020 CCA call and by the non-payment of the amount of €18 million, in a value to be determined; and

(v) regarding the divestment of the Issuer's Spanish branch, although such decision to divest had economic rationality, the amount of €147 million resulting from the reclassification as discontinued operations, in the Issuer's 2020 accounts, should not be considered as part of the 2020 CCA call.

On 30 June 2024, the amounts receivable by the Issuer under the CCA were adjusted in accordance with the Arbitral Tribunal's final award (except for the interest).

The Articles of Association of the Issuer foresaw a committee to function as a consulting body in the context of the CCA (the "**Monitoring Committee**"). The Monitoring Committee consisted of three people, elected by the general meeting of shareholders of the Issuer, two of whom were appointed by the Resolution Fund, one of whom was to be a registered chartered accountant, and the third member was to be an independent member jointly appointed by the parties to the CCA. The Monitoring Committee provided opinions in respect of certain actions recommended by the Issuer pertaining to the CCA Assets. The Resolution Fund had the right to take all decisions in respect of the CCA Assets, unless a pre-defined ratio of the then remaining aggregate net book value of the CCA Assets to the aggregate starting reference values was not verified (in which case the CCA Maturity Date could have been extended to 31 December 2026), at which point the Issuer would need to inform the Resolution Fund in respect of most material management decisions with respect to these assets.

The powers of the Resolution Fund and delegation of powers to the Issuer (and the limits to such delegation) in respect of the CCA Assets were defined in a Servicing Agreement entered into on 14 May 2018 between the Resolution Fund and the Issuer, under which the Issuer acted as servicer in respect of the management of the CCA Assets.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of the CCA Maturity Date.

As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes related to unpaid CCA amounts and all existing payment obligations between the parties were settled, and no financial flows resulted from the termination.

Following the termination of the CCA:

- the Monitoring Committee has been dissolved;
- there is no longer a limitation on the servicing rights over the CCA Assets by the Issuer; and
- the Dividend Ban is no longer in place."

The termination of the CCA should also have the following impact on the Bank's financial statements:

- Income Statement: a cost of 62.7 million euros;
- Capital Ratios: an increase of approximately 47 basis points (*pro forma* from the September 2024 accounts).

(iii) On page 140 of the Base Prospectus, in the sub-section "*Funding structure and liquidity*" in section "*H. Liquidity and Funding*" the following paragraph should added after the graphic chart and before the paragraph beginning with "*As of 30 June 2024 (…)*":

"On 16 January 2025 the Issuer announced that it had been notified by the Bank of Portugal of its MREL requirements, on a consolidated basis, as determined by the Single Resolution Board, which from January 2025 onwards will be equivalent to 23.04% of TREA plus the applicable combined buffer requirement (which as of that date would be 4.1%, including the countercyclical capital buffer of 0.75% in Portugal which will take effect from 1 January 2026). The MREL requirement decision, based on current legislation and subject to annual review by the supervisor, replaces the requirements previously set and disclosed on May 2, 2024. The revised requirements reflect a decrease from 24.01% to 23.04%. Novobanco is already compliant with these requirements (pro-forma MREL ratio of 31.6% as of 30 September 2024), which it considers to be in line with its expectations."

(iv) On page 146 of the Base Prospectus, the following sentence shall be added immediately after the table showing the capital ratios of the Issuer under "*Capital Management*" under the sub-section "*I. Risk Management*":

"On 4 December 2024, the Issuer informed that it was notified by the European Central Bank of its minimum prudential requirements applicable in 2025: Common Equity Tier 1 Ratio of 10.06 per cent.; Tier 1 Ratio of 12.07 per cent.; and Total Capital Ratio of 14.74 per cent."

(v) On page 146 of the Base Prospectus, the last paragraph under "*Capital Management*" under the sub-section "*I. Risk Management*" shall be amended and replaced with:

"As the Issuer was previously restricted from making dividend distributions under the Dividend Ban, its capital ratios have significantly increased over the last few years and are currently well above its SREP requirements. On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025 and amend the articles of association accordingly. The Dividend Ban is therefore no longer in place. The Issuer is currently complying with its MREL requirements with an unusually high contribution from own funds. Subject to regulatory approval, the Issuer is expected to normalise its capital structure and make dividend distributions/reduce capital. Before making such distributions/reduction, the Issuer is expected to pre-fund a reduction of CET1 through additional benchmark size MREL issuances."

(vi) On pages 146 and 147 of the Base Prospectus, the table appearing under the sub-section "*J. Ownership Structure (including government relationship)*" and the entirety of the immediately following paragraph beginning "The ownership percentage" shall be amended and replaced with:

Shareholder	**Number of shares**	**per cent. of share capital**
Nani Holdings S.à r.l.	375,000,000	75.00
Fundo de Resolução (Resolution Fund).......	67,692,083	13.54
Direcção-Geral do Tesouro e Finanças (Portuguese State)	57,307,917	11.46

(vii) Following the termination of the CCA, there is no longer a Monitoring Committee in place within the Issuer. The diagram showing the governance model of the Issuer on page 149 of the Base Prospectus shall be construed accordingly.

(viii) On page 149 of the Base Prospectus, the first paragraph under "*Composition and functioning of the management and supervisory corporate bodies and changes in the Issuer's Articles of Association*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced by the following:

"Under the terms of the Issuer's Articles of Association, the corporate and statutory bodies of the Issuer are the General Shareholders Meeting, the GSB, the EBD, the Statutory Auditor and the Company Secretary."

(ix) On page 149 of the Base Prospectus, the third paragraph under "*Composition and functioning of the management and supervisory corporate bodies and changes in the Issuer's Articles of Association*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced by the following:

"Also, in accordance with the Issuer's Articles of Association, the members of the Board of the General Meeting and the GSB are elected by the General Meeting. The General Meeting also has the powers to appoint and replace the Issuer's Statutory Auditor, upon a proposal of the GSB. The members of the EBD are appointed by the GSB. The Company Secretary and Alternate Secretary are appointed by the EBD, after consulting with the GSB."

(x) On page 150 of the Base Prospectus, the second paragraph under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced in its entirety with the following:

"In October 2020, the General Meeting of the Issuer appointed the members of the GSB for the 2021-2024 mandate and on 20 December 2024, the General Meeting of the Issuer appointed the members of the GSB for the 2025-2028 mandate, pending the Fit & Proper approval."

(xi) On page 150 of the Base Prospectus, the third paragraph under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be moved, becoming the fourth paragraph, and amended and replaced in its entirety with the following:

"As at 24 January 2025, six of the nine members of the GSB, including its Chairman, are independent."

(xii) On page 150 of the Base Prospectus, the fourth paragraph under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced in its entirety with the following:

"During 2023 and 2024, the composition of the GSB underwent the following changes: on 24 February 2023, Benjamin Friedrich Dickgiesser presented his resignation, and upon the conclusion of the Fit & Proper process, Monika Wildner joined the GSB on 21 June 2023 as an independent member; Evgeniy Kazarez joined the GSB as a non-independent member on 7 November 2023 following the conclusion of the Fit & Proper process; Donald John Quintin presented his resignation as a member on 14 December 2023, and on 31 May 2024 Susana Smith joined the GSB as an independent member following the conclusion of the Fit & Proper process; on 26 September 2024, John Herbert and Robert Sherman have ceased their duties as members of the GSB, taking effect from 27 September 2024."

(xiii) On page 150 of the Base Prospectus, the fifth paragraph under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced in its entirety with the following:

"The GSB has the powers vested upon it by law and by the Articles of Association, having as main functions to regularly monitor, advise and supervise the management of the Issuer and of the Group entities, as well as to supervise the EBD with regard to compliance with the relevant regulatory requirements of banking activity. Additionally, the GSB has specific powers to elect the members of the EBD and responsibilities in granting consents for approval by the EBD of certain matters established in the Articles of Association, namely the approval of (i) credit, risk and accounting policies, (ii) business plan, budget and activity plan, (iii) change of registered address, and closure or change of representation structure abroad; (iv) capital expenditure, debt or refinancing, sales or acquisitions, creation of liens or granting of loans above certain limits and within certain conditions; and (v) hiring of employees with annual remunerations above certain limits."

(xiv) On page 150 of the Base Prospectus, the last paragraph under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" immediately before the table shall be amended and replaced in its entirety with the following:

"The following table sets out the members of the GSB for the current 2021-2024 term of office, which corresponds also to the appointed members for the new 2025-2028 mandate subject to the Fit & Proper approval, as at the date of 24 January 2025, with an indication of name, position and principal activities of the directors outside of the Group:"

(xv) Monika Wildner and Susana Smith are, respectively, Chairwoman of the Compliance Committee and the Nomination Committee. On pages 151 and 152 of the Base Prospectus rows 3 (Monika Wildner) and 9 (Susana Smith) of the table showing the members of the GSB under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be construed accordingly.

(xvi) Monika Wildner ceased her duties as member of the board of Union-Yacht-Club Attersee on 31 December 2024. On page 151 of the Base Prospectus, row 3 of the table (Monica Wildner) showing the members of the GSB under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be construed accordingly.

(xvii) Carla Antunes da Silva ceased her duties as Director at Lloyds Banking Group. On page 151 of the Base Prospectus, row 6 of the table (Carla Antunes da Silva) showing the members of the GSB under "*General and Supervisory Board*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be construed accordingly.

(xviii) On page 153 of the Base Prospectus, the fourth paragraph under "*Executive Board of Directors*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced with the following:

"During 2024 and 2025, the composition of the EBD underwent the following changes: on 6 May 2024, Andrés Baltar informed the GSB of the termination of his functions with effect from 30 June 2024; on 19 September 2024 João Paixão Moreira received F&P authorisation as the new member of the Executive Board of Directors and the next Chief Commercial Officer – Retalho (Retail); on 30 September 2024, the GSB agreed with Luísa Soares da Silva, at her request, to cease her duties on the EBD, where she held the position of Chief Legal, Compliance & Sustainability Officer, taking effect from 31 October 2024; on 8 November 2024 the GSB appointed Patrícia Afonso Fonseca as the new Chief Legal & Sustainability Officer, pending the Fit & Proper process; lastly, the GSB, on 7 January 2025, has resolved, with immediate effect, the dismissal with just cause of Carlos Brandão, Chief Risk Officer."

(xix) On page 153 of the Base Prospectus, on row 1 (Mark George Bourke) the following footnote should be added: "The succession planning process was activated by the Nomination Committee of the GSB, and, on an interim basis, the CRO role will be held by Chief Executive Officer, Mark Bourke."

(xx) On page 154 of the Base Prospectus, row 3 (Luís Miguel Alves Ribeiro) of the table showing the members of the EBD under "*Executive Board of Directors*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be amended and replaced with the following:

Name	EBD Position	EBD Committees Position	Principal activities outside of the Group
Luís Miguel Alves Ribeiro	Chief Commercial Officer Corporate	Member of the Capital, Assets and Liabilities Committee (CALCO), the Non-Performing Assets (NPA) Subcommittee, the Risk Committee, the Compliance and Product Committee, the Transformation Committee, the Credit Committee and of the Extended Impairment Committee	Non-Executive Board Member at SIBS SGPS, SA Non-Executive Board Member at SIBS Forward Payment Solutions, SA Representative of novobanco at Comissão Interbancária de Sistemas de Pagamentos (CISP) Member representing CEO at APB Associação Portuguesa de Bancos

(xxi) Neither Luísa Soares da Silva nor Carlos Brandão are members of the EBD and therefore on pages 154 and 155 of the Base Prospectus, rows 4 (Luísa Marta Santos Soares da Silva Amaro de Matos) and 5 (Carlos Brandão) of the table showing the members of the EBD under "*Executive Board of Directors*" under the sub-section "*L. Management and Supervisory Corporate Bodies*" shall be construed accordingly.

(xxii) Following the termination of the CCA, there is no longer a Monitoring Committee in place within the Issuer and so the entire section headed "Monitoring Committee" on page 156 of the Base Prospectus shall be construed accordingly.

(xxiii) On page 160 of the Base Prospectus, the following sentence shall be added to the end of "*Arbitration proceedings*" of the sub-section titled "*M. Legal, Administrative and Arbitration Proceedings*":

"As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes relating to unpaid CCA amounts and all existing payment obligations between the parties are settled, and no financial flows resulted from the termination."

(xxiv) On page 161 of the Base Prospectus, the sole paragraph of the sub-section titled "*P. Ratings*" shall be replaced in its entirety with the following wording:

"The Issuer's current long-term senior ratings are Baa2 with positive outlook by Moody's, BBB with stable outlook by Fitch and BBB with trend stable by DBRS."

(xxv) On page 169 of the Base Prospectus, the following paragraphs shall be added to the end of the sub-section titled "*S. Recent Developments*":

"On 8 November 2024, the Issuer informed that the GSB approved the Nomination Committee's recommendation to appoint Patrícia Afonso Fonseca as Chief Legal and Sustainability Officer and as a new member of the EBD. This appointment is subject to receiving the necessary regulatory approvals (fit and proper).

On 19 November 2024, the Issuer informed that Moody's upgraded novobanco's long-term deposit ratings to A3 from Baa1 and its senior unsecured debt ratings to Baa2 from Baa3, with a positive outlook. Moody's also upgraded novobanco's commercial paper ratings to Prime-2 from Prime-3. The Issuer's BCA and Adjusted BCA was upgraded by 1 notch to baa3 from ba1.

On 4 December 2024, the Issuer informed that it was notified by the European Central Bank of its minimum prudential requirements applicable in 2025: Common Equity Tier 1 Ratio of 10.06 per cent.; Tier 1 Ratio of 12.07 per cent.; and Total Capital Ratio of 14.74 per cent.

On 9 December 2024, the Issuer informed that the Issuer, the Resolution Fund and Nani Holdings S.à r.l. agreed to terminate the CCA ahead of its contractual maturity in December 2025. As of September 2024, the Issuer had registered a CCA receivable of €161.6 million and a liability towards the Resolution Fund of €98.9 million. Pursuant to the termination of the CCA, the Issuer and the Resolution Fund have settled all outstanding disputes related to unpaid CCA amounts and all existing payment obligations between the parties are settled, and no financial flows resulted from the termination. Following the termination of the CCA, the Monitoring Committee, a statutory advisory body established in the Issuer's Articles of Association in the context of the CCA, has been dissolved; there is no longer a limitation on the servicing rights over CCA assets by the Issuer; and the Dividend Ban is no longer in place.

On 13 December 2024, the Issuer informed that Fitch upgraded novobanco's issuer rating and long-term senior debt rating to "BBB" from "BBB-" and its long-term deposits rating to "BBB+" from "BBB", with a stable outlook.

On 23 December 2024, the Issuer announced that following a competitive bid process the Issuer signed a sale and purchase agreement for the sale of a portfolio of fully unsecured NPLs and related exposures. The completion of this transaction under the agreed terms is expected to enhance asset quality ratios, reducing the NPL stock by approximately €100 million and bringing the pro-forma gross NPL ratio to around 3.5 per cent. as of December 2024.

With immediate effect from 7 January 2025, Carlos Jorge Ferreira Brandão, a member of the Executive Board of Directors and CRO, was dismissed with just cause. This decision was taken following the identification, through the Issuer's internal processes, of suspicious financial transactions in this individual's personal sphere, which led to a complaint (*denúncia*) being filed with the authorities. The suspected issue is not related nor associated, in any way, with the Issuer and, as such, has no impact whatsoever on clients, clients' accounts or transactions, on the Issuer's finances or activity, on its commercial operations, risk management system or employees. On identification of the matter, the Issuer initiated an internal investigation and filed a complaint (*denúncia*) to the Public Prosecutor's Office, which led to the launch of an on-going investigation. The Issuer has also reported the matter to the regulator and to the supervisory authority competent in this area. On an interim basis, the CRO role will be held by Chief Executive Officer, Mark Bourke.

On 15 January 2025, the Issuer announced the issuance of Senior Preferred Notes in an amount equal to €500 million, with maturity on 22 of January 2031 and an optional redemption date on 22 of January 2030 (5 years). The Notes were subscribed at a price of 99.589% and have an annual coupon of 3.375% in the first 5 years, resetting to 3-month Euribor plus a margin of 105 bps thereafter.

On 16 January 2025 the Issuer announced that it had been notified by the Bank of Portugal of its MREL requirements, on a consolidated basis, as determined by the Single Resolution Board, which from January 2025 onwards will be equivalent to 23.04% of TREA plus the applicable combined buffer requirement (which as of that date would be 4.1%, including the countercyclical capital buffer of 0.75% in Portugal which will take effect from 1 January 2026). The MREL requirement decision, based on current legislation and subject to annual review by the supervisor, replaces the requirements previously set and disclosed on May 2, 2024. The revised requirements reflect a decrease from 24.01% to 23.04%. Novobanco is already compliant with these requirements (pro-forma MREL ratio of 31.6% as of 30 September 2024), which it considers to be in line with its expectations.

AMENDMENT TO THE "TAXATION" SECTION

Following the publication of the Portuguese Budget Law for 2025, approved by Law no. 45-A/2024, of December 31, the following amendments shall be made in the "*Taxation*" section of the Base Prospectus:

(i) On page 180 of the Base Prospectus, in the paragraph where it is stated that "*The balance between capital gains and capital losses arising from the disposal of the Covered Bonds which were held for less than 365 days is mandatorily disclosed together with other items of income where the taxable income, including such balance, is equal to or above € 80,000.",* the reference to €80,000 shall be amended and replaced with €83,696.

(ii) On page 181 of the Base Prospectus, it is mentioned that "*IRC is levied on the taxable basis (computed as the taxable profit deducted of tax losses carried forward) at a rate of (i) 21 per cent. or (ii) 17 per cent. on the first € 50,000 and 21 per cent on profits in excess thereof in the case of small and small and medium-sized enterprises, as well as Small Mid Cap companies, as defined by law and subject to the EU de minimis rule or (iii) 12.5 per cent. on the first € 50,000 and 21 per cent. on profits in excess thereof if the taxpayer is a small or medium enterprise or a small and mid-capitalization enterprise that qualifies as a start-up under the terms foreseen in Law no. 21/2023, of 25 May, and that cumulatively meets the conditions established in article 2(1)(f) of the referred Law.*" Following the publication of the Portuguese Budget Law for 2025, the standard tax rate was reduced from 21 per cent. to 20 per cent. and the tax rate applicable to the first €50,000 in the case of small, medium-sized or small mid cap enterprises was reduced from 17 per cent. to 16 per cent. These tax rates are applicable to taxation periods starting on or after 1 January 2025. In light of the above, the references made to these tax rates on page 181 of the Base Prospectus shall be construed accordingly.

AMENDMENT TO THE "DEFINITIONS" SECTION

On page 207 of the Base Prospectus, the definition of *"**Property Valuation**"* shall be amended and replaced in its entirety with:

> "**Property Valuation**" means, in relation to any Property the valuation thereof, in accordance with the Covered Bonds Framework and Articles 208 and 229 of the CRR (subject to the transitional regime set out under Article 495f of the CRR)."